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*Attorneys for
Turner Construction Company*

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

PG&E CORPORATION,

- and -

PACIFIC GAS AND ELECTRIC
COMPANY,

Debtors.

- ☐ Affects PG&E Corporation
☒ Affects Pacific Gas and Electric Company
☐ Affects both Debtors

**All papers shall be filed in the Lead Case,
No. 19-30088 (DM)*

Bankruptcy Case
No. 19-30088 (DM)

Chapter 11
(Lead Case)

(Jointly Administered)

**TURNER CONSTRUCTION COMPANY'S
LIMITED OBJECTION TO PACIFIC GAS
AND ELECTRIC COMPANY'S MOTION
PURSUANT TO 11 U.S.C. §§ 105, 363, AND 364
AND FED. R. BANKR. P. 4001 AND 6004
AUTHORIZING UTILITY TO (A) CONTINUE
HEDGING PROGRAMS, (B) ENTER INTO
AND PERFORM UNDER POSTPETITION
HEDGING TRANSACTIONS, AND
(C) PLEDGE COLLATERAL AND HONOR
OBLIGATIONS THEREUNDER (DKT.
NO. 780)**

Date: April 9, 2019
Time: 9:30 a.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

1 Turner Construction Company (“Turner”) hereby files this limited objection to the Motion
2 Pursuant to 11 U.S.C. §§ 105, 363, and 364 and Fed. R. Bankr. P. 4001 and 6004 Authorizing Utility to
3 (A) Continue Hedging Programs, (B) Enter Into and Perform Under Postpetition Hedging Transactions,
4 and (C) Pledge Collateral and Honor Obligations Thereunder (Dkt. No. 780) (the “Hedging Programs
5 Motion”) filed by Debtor Pacific Gas and Electric Company (the “Utility”). In support thereof, Turner
6 respectfully states as follows:

7 **BACKGROUND**

8 The Utility and Turner are counterparties to a Master Services Agreement, as amended, pursuant
9 to which Turner has provided prepetition and postpetition construction services on various projects.
10 Turner and its subcontractors continue to provide construction services on numerous projects. Turner is
11 owed at least \$20 million for unpaid prepetition services that it has performed for the Debtors (which
12 includes over \$6.6 million in retainage) and is also owed an increasing amount for postpetition services
13 being provided to the Debtors. Notably, Turner’s prepetition and postpetition claims against the Utility
14 are secured by constitutional and statutory liens in favor of Turner against the Utility’s property and
15 equipment.

16 **ARGUMENT**

17 Turner does not object to the Utility’s continued use of hedging programs, entry into postpetition
18 hedging transactions, and pledge of collateral in general. However, it is unclear from the Hedging
19 Programs Motion specifically what the Utility intends to pledge as collateral, and the Utility states that it
20 “seeks authority to pledge cash or collateral in the ordinary course of business and in accordance with
21 Hedging Agreements *on a first-priority basis*.” (Hedging Programs Motion, at 11 (emphasis added).)
22 Turner objects to the Hedging Programs Motion to the extent the Utility intends to pledge as collateral
23 any of the real property and equipment encumbered by one or more of Turner’s liens and purportedly
24 grant any counterparty to a hedging transaction a position of first priority with respect to such collateral.
25 Should the Court grant the Hedging Programs Motion, the Court should clarify in its Order that any
26 pledge of collateral in connection with a hedging transaction does not prime or otherwise impact the
27 priority of existing liens on such collateral.
28

1 DATED: March 20, 2019

SEYFARTH SHAW LLP

2 By: /s/ M. Ryan Pinkston
3 M. Ryan Pinkston
Christopher J. Harney

4 *Attorneys for Turner Construction Company*

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